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Market Brief - Sector

Austria : Organic Foods

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Vienna [AU1], AU

ORGANIC FOODS

Production

Austrian agriculture and consumers are very ecologically oriented. Around 20,000 farms, or 10% of total farm number, are registered organic producers with a farm area of about 300,000 ha. Their products include grains, vegetables, fruits, poultry, and livestock products.

The output of organic products from the food processing industry is small but rising. The sugar and starch industry has organic lines and the largest jam and honey producer offers its products in addition to the conventional form in organic form. A large canned food manufacturer produces organic ready-to-eat meals and a baby food brand is completely organic. A large number of mills and bakeries produce organic flour and bakery products. A wide range of organic frozen foods has been available on the market for more than two years.

Market

The volume of organic products is estimated at 5% of the total food consumption. The turnover value of organic products is AS 2 - 3 billion per year which corresponds to about 2% of the total value of food trade.

The organic market share differs considerably from product group to product group. According to a survey at the retail trade level it is as follows (by value): potatoes 12.3%, dairy products without cheese 5.1%, cheese 3.5%, fresh fruits 3.2%, vegetables 4.8%, and frozen foods 5.6%. No figures are available for organic meat share. There is practically no organic pork available and the share of organic beef is only marginal. In addition, a relatively large quantity of organic products is sold directly on farms and on farmer markets.

Sales of organic products shot up in 1995, when the largest supermarket chain included such items in their product line and other food chains followed later. The organic sector is a niche market with some growth potential. However, previous estimates of a 10 - 20% market potential were probably too optimistic. In recent years market growth of organic products was very slow.

The typical organic consumer is relatively young and has a high level of education. Among these consumers, the share of students is relatively high.

Prices

In general, prices of organic products are 10 - 20% higher than conventional items. However, prices of organic meat and meat products are about 50% higher. The high consumer prices due to high production costs are the reason for the small sales of organic meats. The majority of Austrian consumers would like organic products but continue to buy those articles which are less expensive.

Sample prices of organic products (in AS):

Onions 1 kg	16.90
Yoghurt	5.60
Milk, 3.5% fat	11.90
Butter, 0.25 kg	19.90
Spinach, frozen, 0.3 kg	19.90
Red cabbage, frozen, 0.45 kg	25.90
Infant foods:	
Turkey with vegetable 0.25 kg	17.90
Fruit porridge, 0.19 kg	15.90
Semolina, 0.8 kg	29.90
Rice, long grain, from Italy, 1 kg	29.90
Rice, basmati, from Italy, 0.5 kg	29.90
Dried fruits:	
Apricots, 0.2 kg	29.90
Prunes, from California, 0.25 kg	39.90
Resins, from Turkey, 0.5 kg	24.90
Nuts mixture, 0.2 kg	29.90
Sunflower Seeds, 0.330 kg	19.90
Sunflower oil, 0.5 liter	39.90
Grape juice, 0.5 liter	39.90
Grapefruit juice, 0.5 liter	39.90
Mixture of 6 cereals, 0.5 kg	39.90
Oat flakes, 0.5 kg	19.90
Spaghetti, 0.5 kg	19.90

Rate of exchange: U.S. \$ 1 = AS 12.52 on August 25, 1998

Marketing Channels

The major share of organic products, i.e. more than 70%, is sold by the main food chains and the rest by health and organic shops and farmer markets or on farm sale. The retail chains have contracts with Austrian producers. In addition, they buy from importers/wholesalers or import directly.

Foreign Trade

Since organic products are not registered separately by customs offices, no official trade figures are available. However, since Austrian production does not meet the domestic requirements for all organic products, the following share of total domestic consumption has to be imported:

grain (primarily feed grains
and feed soybean meal) 20%

potatoes	40%
vegetables and fruits	70%

For meat and meat products and milk and milk products there is a surplus.

A relatively large share of organic vegetables, fruits and potatoes is imported from Hungary and Czech Republic where they are produced under contract. Organic citrus fruits come from Italy (Sicily), organic kiwis from New Zealand, organic avocados from South America, and various fruits and vegetables from Israel. In addition, Belgium, France, and Italy supply various organic products.

Austrian exports include primarily dairy products intended for the German market.

U.S. Market Status

As with total organic imports, the quantity of U.S. organic imports is not available. U.S. market opportunities are mainly for organic rice, nuts and fruits, particularly organic citrus fruits for which the demand has increased considerably in recent years. There is also some demand for organic dried fruits. In addition, there is a market for kamut (ancient grain) and processed foods from the U.S. However, there are no market opportunities for U.S. meat and dairy products in Austria.

Legal Requirements and Import Procedure

Labeling on packaged foods has to be in German. However, stickers can be attached before distribution. The following statements are permitted on organic foods:

- “From Biological Agriculture”
- “From Organic - Biological Agriculture”
- “From Biological - Dynamic Agriculture”
- “From Ecologic Agriculture”

If a U.S. producer or trader wants to export to Austria, he has to find an importer. The interested importer must apply for an import license at the office of the provincial governor or if he is in Vienna at the legal section of the municipality.

In the application, the Austrian trader has to indicate what kind of organic product he wants to import, the quantity (part deliveries are possible), date or period of arrival(s), origin, etc. In addition, the application has to be accompanied by the following documents:

Certificate of the U.S. monitoring organization which controls the organic producer and/or processor and certifies that the product in question is produced according to EU regulation 2092/91.

If the monitoring organization is not accredited according to EU norm EN 4511 or according to

ISO/EC Guide 65:1996, an official document concerning the monitoring organization is required. The document of an official U.S. agency has to prove that the monitoring organization is operating according to EN 4511 or according to ISO/EC Guide 65:1996.

Certification can be in English.

If the commodity to be imported already requires an import license regardless of the production method (e.g. grain) from “Agricultural Market Austria”, the importer must also apply also at this agency for an import license.

In addition to organic certificates, shipments of organic products have to be accompanied by the normal phyto-sanitary or veterinary certificates. Organic products are subject to the normal customs tariff.